



PETROLEUM REMEDIATION GRANT GUIDELINES

Background

The 2002/2003 Budget Bill, passed in the 2001 Indiana Legislative Session, transferred \$9 million from the Excess Liability Trust Fund ("ELF") to the Environmental Remediation Revolving Loan Fund ("Brownfields Fund") for the specific purpose of remediating petroleum contamination at brownfields sites. The Petroleum Remediation Grant Incentive ("Petroleum Remediation Grant") has been developed to utilize the transferred funds and is the first state funding source for actual cleanup and regulatory closure that will be available in grant form.

General Information

- Petroleum Remediation Grant funding is available to Indiana Political Subdivisions.
- Applications must be made by a Political Subdivision and awards will be made following a competitive grant process.
- Petroleum Remediation Grant funding will not be available to parties who caused or contributed to contamination at the brownfields site under consideration.
- Petroleum Remediation Grant funding will not be retro-active. Environmental remediation activities conducted prior to application and an award are not eligible for reimbursement.
- The Petroleum Remediation Grant has been intentionally designed to avoid benefiting sites and/or constituents otherwise eligible for the ELF Program. Eligibility for ELF assistance disqualifies most projects from receiving Petroleum Remediation Grant assistance. See <http://www.in.gov/idem/land/eltf/index.html> for additional information on the ELF Program.
- The activities to be funded by the Petroleum Remediation Grant will be remedial, not investigative, in nature. In order for a brownfield site to be eligible for Petroleum Remediation Grant funding, site-specific environmental data (e.g. "Phase I and II" site assessment reports) must be available. In part, the competitiveness of an individual Petroleum Remediation Grant application will be proportional to the amount of environmental data available and submitted for the brownfield site being considered.
- The environmental goal for all Petroleum Remediation Grant projects will be a No Further Action ("NFA Letter") Letter from IDEM. The issuance of a NFA Letter will demonstrate that petroleum cleanup is complete, thus promoting redevelopment and positive economic impacts.
- Approximately \$8.5 million will be made available for awards.
- Maximum assistance from the Petroleum Remediation Grant will be \$300,000 per project. An applicant may receive assistance for only one project per application round.

- Primary Petroleum Remediation Grant assistance will take the form of grants. For those projects that require funding in excess of the maximum grant amount (\$300,000), additional funding sources deemed necessary to complete remedial activities must be demonstrated. The existing Brownfields Low Interest Loan incentive is one possible source for additional funding that can leverage a Petroleum Remediation Grant award.
- Grant recipients will be required to execute a Financial Assistance Agreement with the Indiana Finance Authority and the State Budget Agency.

Application Information

Political Subdivisions may apply for a Petroleum Remediation Grant award to fund petroleum remediation activities at their chosen brownfield site. As allowed, other political subdivisions, not-for-profit corporations, and private parties may be co-applicants for Petroleum Remediation Grant funding. The applicant or co-applicant must own the site at the time of a Petroleum Remediation Grant award.

Application Deadlines: Initially, March 1, 2006 and every month? ongoing thereafter

Application Procedure: An Internet-based system will be utilized for the community application process. Applicants will use a unique log-in name and password for security purposes, and the majority (if not all) of the applicant's project information will be entered using the online system. Technical support, as necessary, will be available to applicants during the preparation of their grant. Where feasible, other resources may be made available to assist communities in obtaining Internet access for application purposes.

Funding Allocation: Petroleum Remediation Grant funding will be allocated based first on (1) geographic region, and then based on (2) community size.

(1) Geographic Region: Three (3) geographic regions (North/Central/South) have been created for Petroleum Remediation Grant distribution, as illustrated on the attached map. Approximately \$3 million (total) will be made available for each region.

(2) Community Size: Funding will also be allocated based upon community population, according to 2000 U.S. Census data. Petroleum Remediation Grant funding will be allocated according to the

percentages provided for Categories One and Two, described below.

Category One: Cities, Towns, and Counties with 10,001 population or more = 50%

Category Two: Cities, Towns, and Counties with 10,000 population or less = 50%

Funding may be re-allocated to another category, region, or round at the discretion of the Program based upon the demand demonstrated.

Eligibility Information

To be eligible for Petroleum Remediation Grant funding, all sites must qualify as a brownfield site based on the working definition of a brownfield utilized by the Indiana Brownfields Program. Soil and/or groundwater at each site must also currently be impacted by petroleum to receive Petroleum Remediation Grant assistance.

Petroleum Remediation Grant funding is directly available only to Political Subdivisions. However, it is recognized that other entities - like not-for-profit organizations and private developers – play critical or sometimes primary roles in successful redevelopment projects. These instances involve partnerships whereby the direct applicant (the Political Subdivision) applies for funding on behalf of the co-applicant organization or individual. Petroleum Remediation Grant funding is available for these projects, as well as projects initiated entirely by local administrations, as described below.

Public Projects:

Sites that are undertaken entirely by local administrations must fall into two (2) general categories to be eligible for Petroleum Remediation Grant assistance. The first category of eligible sites includes brownfields that a city, town or county has voluntarily acquired for the purpose of redevelopment, or perhaps acquired involuntarily through a gift or estate disposition.

The second category of public sector projects includes abandoned brownfields that are tax delinquent. These sites are eligible for assistance only if they have been through the requisite number of tax sales without being purchased. If the property is beyond the cure period for back taxes, the local government may apply for Petroleum Remediation Grant assistance in an effort to eliminate environmental impairments and thereby encourage

the sale and redevelopment of the property in question.

Partnership Projects:

Political Subdivisions can also apply for Petroleum Remediation Grant assistance for projects that entail a public/private partnership. Eligible "partnership" sites fall into two (2) general categories. The first category involves sites whose private sector owners did not cause or contribute to any contamination (including but not limited to petroleum) at the site. These owners must have also obtained the site through an "arm's length transaction."¹ Acknowledging redevelopment as the ultimate goal, the applicant must describe how the redevelopment plans of the private sector partner are consistent with the needs or desires of the community.

The second category of partnership sites involve private owners who can demonstrate, following a financial analysis by the State, that financial hardship has interfered with their proper and timely remediation of the site. In these instances, the political subdivision may apply for Petroleum Remediation Grant funding on behalf of the owner if the owner agrees to transfer title of the property to the municipality or a development entity of their designation prior to the grant award. In this scenario, the site is eligible even if the current property owner caused or contributed to the contamination on site. Similar to the first category of Partnership sites, the owner must have originally purchased the site through an "arms length transaction." Although the transfer of title under this scenario will not legally eliminate the owner's environmental liability, it may accomplish a measure of liability reduction.

Ineligible Sites: The following scenarios describe sites that are ineligible for Petroleum Remediation Grants.

- Active ELF sites
- Sites that can obtain ELF eligibility

¹ Arm's length transaction – A transaction negotiated by unrelated parties, each acting in his or her own self interest in order to determine the basis for a fair market value determination. A transaction in good faith in the ordinary course of business by parties with independent interests.

- Sites that could have obtained ELF eligibility and cannot demonstrate that financial hardship previously existed
- Sites that have active petroleum operations
- Sites that present an imminent threat to human health or the environment
- Sites that have a pending IDEM or U.S. EPA enforcement action
- Sites whose owners caused or contributed to any contamination at the site (unless hardship can be demonstrated)

Petition Sites:

All brownfields projects are unique and complex by nature. The Petroleum Remediation Grant guidelines contemplate most, but not all scenarios that may be encountered during the course of a redevelopment project. In the situation where there is an over-riding benefit to the community for Petroleum Remediation Grant funding, an applicant can petition The Program for a waiver of, or modification to, any of the guidelines provided herein. The existence of a petition opportunity does not obligate the Program to grant any petition so submitted.

Scoring Criteria

Projects presented for Petroleum Remediation Grant funding will be competitively evaluated based in part upon the following scoring criteria.

1. Demographic Factors (75 possible points)

a. Net Assessed Value Per Capita (20 possible points)

Up to 53% of Indiana's median Net Assessed Value Per Capita	20 pts
Between 53% and 66% of Indiana's median Net Assessed Value Per Capita	15 pts
Between 67% and 113% of Indiana's median Net Assessed Value Per Capita	10 pts
Between 114% and 200% of Indiana's median Net Assessed Value Per Capita	5 pts
In excess of 200% Indiana's median Net Assessed Value Per Capita	0 pts

b. Poverty Rate (20 possible points)

Zip codes with more than 170 households receiving TANF*	20 pts
Zip codes with less than 170 but more than 40 households receiving TANF	10 pts
Zip codes with less than 40 but more than 11 households receiving TANF	5 pts
Zip codes with less than 11 but more than 0 households receiving TANF	0 pts

c. Location

Is the site located in any of the following: Community Revitalization Enhancement District (CRED), Urban Enterprise Zone, "Dinosaur" building, federally-designated Enterprise Zone, or community/locally designated Brownfields Revitalization Zone or Slum and Blighted Area? (15 possible points) Does the site include a building that qualifies for "Dinosaur" status?

d. Census Tract (20 possible points)

List the Census Tract in which the Site is located.

*Temporary Assistance to Needy Families

2. Leverage of Funds (75 possible points)

Local public or private funds that have been / will be invested in the project (as a percentage of the \$300,000 maximum potential grant award) will be considered as leverage. In-kind services are not considered matching funds.

50% or greater leverage	75 pts
35% - 49% leverage	60 pts
20% - 34% leverage	50 pts
10% - 19% leverage	40 pts
Under 10% leverage	20 pts
No match	0 pts

3. Local Support for Project (100 possible points)

a. Neighborhood Comment and Input (50 possible points)

Plans announced at mandatory public hearing, comments sought from public	20 pts
Favorable responses received and/or proactive follow up to negative comments	10 pts
Additional or more focused community and/or neighborhood input sought	20 pts

b. Coordinated Local Efforts (50 possible pts)

Local coalition/organization meeting and working regularly on brownfields issues and/or brownfields coordinator designated; local brownfields sites identified and/or prioritized	50 pts
Joint local effort by numerous parties to apply for grant; some type of coalition to address brownfields issues locally	35 pts
Firm plans to form brownfields workgroup or coalition to address brownfields issues locally	20 pts
No brownfields workgroup or coalition exists to address brownfields issues locally; joint local effort by more than one party to apply for grant	10 pts

4. Economic and Community Development Potential for Site - Subjective (100 possible points)

Points based on responses provided in the narrative section(s) of the on-line application. Applicants should focus on the following:

- Long term plans for property, including its place in the overall economic and community development plans of the community;
- Potential for project success based on formal contracts or designated funds to accomplish remediation and redevelopment;
- Impact project will have on overall economic development plans of community, including potential increase to taxbase, job creation and investment in project property;
- Impact project will have on overall community development plans of the community, including the creation, preservation, or addition to a park, greenway, recreational facility, or other municipal benefit;
- Previous local efforts to redevelop property and/or address environmental issues of the site;
- Address the marketability of the site, if applicable.

5. Environmental Data (50 possible points)

Projects will be scored for the amount of environmental data collected and available prior to the time of application. Points will be awarded based upon the extent to which on-site contamination has been defined.

Nature of contamination defined in soil	5 pts
Nature of contamination defined in soil and groundwater	10 pts
Nature and extent of contamination defined in soil	30 pts
Nature and extent of contamination defined in soil and groundwater	40 pts
Nature and extent defined in soil and groundwater in compliance with RISC	45 pts
Nature and extent defined in soil and groundwater per RISC, plus remedial design	50 pts

6. Historic Redevelopment Performance

To recognize the high demand for state brownfields assistance, and to encourage greater accountability between ALL brownfields project stakeholders, the following matrix will be utilized to recognize previous applicant performance throughout the various stages of the redevelopment process. Previous awardees/sites will be considered under this performance matrix, but only on a moving forward basis with respect to the achievement of milestones.

REDEVELOPMENT MILESTONES	NUMBER OF SITES RECEIVING STATE FUNDING		
	1	2	3
Full Assessment Not Completed Within One Year of Award*	50 pt deduction	60 pt deduction	100 pt deduction
Remediation Not Completed Within Two Years of Award*	25 pt deduction	35 pt deduction	60 pt deduction
Redevelopment Not Completed Within Three Years of Award*	20 pt deduction	30 pt deduction	40 pt deduction

Note: "Date of Award" considered as the date grant contracting is completed

Consultant and Technical Information

The remedial activities completed with Petroleum Remediation Grant funds will follow a "Pay-For-Performance" (PFP) model. PFP will provide a streamlined system of paying for – and achieving – complete cleanups at Petroleum Remediation Grant funded brownfields projects. Additional general information on PFP can be viewed at <http://www.epa.gov/swerust1/pfp/toolbox.htm>.

As a component of PFP, the on-line application process will include functionality that will allow environmental consultants to prepare and submit on-line bids for remedial activities at local Petroleum Remediation Grant sites. Environmental consultants with a substantial Indiana presence and office have been pre-qualified for participation in the bidding process for Petroleum Remediation Grant projects. A list of the Petroleum Remediation Grant Qualified Consultants can be viewed at <http://www.idfabrownfields.com>.

Remedial activities to be conducted with Remediation Grand funds include, but are not limited to: in-situ soil and groundwater cleanup, soil excavation and disposal, underground storage tank removal and disposal, limited aboveground storage tank removal and disposal, and confirmatory sampling/monitoring activities. Broadly speaking, remediation activities conducted with Petroleum Remediation Grant funds must be performed consistent with RISC guidelines. Specific Corrective Action activities must receive IDEM approval prior to implementation. Additional costs incurred due to specific requirements of the Voluntary Remediation Program (i.e. consultant oversight fees, application fee, etc.) will not be covered by the Petroleum Remediation Grant.

Contact Information

We welcome comments on the Petroleum Remediation Grant at any time. Questions regarding these guidelines or the Petroleum Remediation Grant can be directed to Sara Westrick Corbin by email at swestrick@ifa.in.gov or by phone at (317) 234-1688. These guidelines may be modified at any time by the Indiana Finance Authority Board to address demand and other issues to promote the effective and efficient administration of the Indiana Brownfields Program.

Revision Date: 1/1/06